



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

November 8, 2005 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Luce called the November 8, 2005 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Dick Fryhling
Hedia Adelsman
Chris Towne
Judy Wilson
Patti Johnson
Jim Luce

Community, Trade & Economic Development
Department of Ecology
Department of Fish and Wildlife
Department of Natural Resources
Kittitas County Representative
Chair

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Irina Makarow – Siting Manager, Mariah Laamb – Council Secretary, Ann Essko – Council Attorney

Guests in attendance were:

Darrel Peebles – Attorney, Laurie Vigue – WDFW, Alan Harger – DOT, Scott Williams – PSE, Karen McGaffey – Perkins Coie, Tim McMahan – Stoel Rives, Cindy Custer – BPA, David Steeb – enXco, Gary Bell – enXco, Joe Fahrenndorf – enXco, Steve Hall – Point Environmental Consulting, Mike Tribble – Counsel for the Environment

Guests attending via phone:

Mot Hedges – Energy Northwest, Doug Robinson – WDFW Spokane, Steven Link – WSU Tri-Cities, Sally Simmons – WSU Tri-Cities, Barb Harper – CTUIR, Troy Gagliano – RNP, Jennifer Diaz – Horizon Wind Power, James Hurson – Kittitas County, Darryl Piercy – Kittitas County, Joanna Valencia – Kittitas County

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was adopted as proposed.

4. MINUTES

Staff presented the following minutes for approval: Aug. 10, 2005 special meeting, Aug. 30, 2005 special meeting, Sept. 13, 2005 monthly meeting, Sept. 27, 2005 special meeting, Sept. 28, 2005 special meeting and Oct. 4, 2005 special meeting minutes. **Council member Dick Fryhling moved to accept all the minutes, Chris Towne seconded the motion. Council voted to approve the minutes. The motion passed unanimously.**

5. ENXCO – DESERT CLAIM WIND POWER PROJECT

<i>Application for Site Certification</i>	<i>David Steeb, enXco Project Manager</i>
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David Steeb, enXco Director of Business Development Northwest, introduced Gary Bell of enXco. They will share responsibility for project management for the Desert Claim Wind Power project. He also introduced Joe Fahrendorf, Vice President of Development for enXco. Mr. Steeb provided a summary of the Desert Claim Wind Power project and provided the Council with a handout illustrating the location of the project relative to the City of Ellensburg. The project, consisting of between 95 and 110 wind turbine generators, would be located on approximately 5,000 acres eight miles north of Ellensburg. Desert Claim would contribute approximately 160 megawatts (MW) of renewable energy to the region's power grid. The project would be located in an exceptional area for viable wind power and would have access to the nearby Bonneville Power Administration and Puget Sound Energy transmission lines. The project is proposed in an agricultural area. The project site is currently owned by eight landowners.

Desert Claim Wind Power, L.L.C., a Washington Corporation, is wholly owned and managed by enXco, Inc. Based in Escondido, California, enXco develops, constructs operates and manages wind energy projects throughout the United States. The enXco development team has completed projects for Pacific Gas & Electric, Mid-America Energy, Florida Power & Light, U.S. Navy, U.S. Air Force, Tennessee Valley Authority, Southern California Edison, Xcel Energy, Great River Energy, and others.

The company plans to file an Application for Site Certification with the Council within the next few weeks. Karen McGaffey, representing enXco, stated that Kittitas County has already prepared an Environmental Impact Statement for the project. Ms McGaffey indicated that enXco has been coordinating with EFSEC staff regarding the information the Application for Site Certification would contain.

<i>Independent Contractor Selected</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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A Request for Proposals (RFP) was issued in September for independent consulting work on the Desert Claim Wind Power Project. The RFP was mailed to EFSEC's consultant list and published in the Daily Journal of Commerce. Of the three firms that responded, the selection committee chose Golder & Associates. A contract will be prepared and submitted to the Office

of Financial Management for approval. Once enXco's Application for Site Certification is received, the EFSEC Manager will instruct the consultant to begin work on application review.

6. WILD HORSE WIND POWER PROJECT

<i>Plan Approvals</i>	<i>Irina Makarow, EFSEC Staff</i>
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Staff reviewed the pre-construction plan approvals that were issued to Puget Sound Energy (PSE) prior to the beginning of site preparation activities for the Wild Horse Wind Power Project.

- On October 7, 2005, EFSEC granted approval of Temporary Air Quality Permits for Rock Crushing Activities and a Concrete Batch Plant.
- On October 13, 2005, Chair Luce signed Council Resolution No. 314, Modifications to the Wild Horse Wind Power Project (Wild Horse or Project) Site Certification Agreement (SCA), finalizing EFSEC's review of the transfer of the project from Horizon Wind Energy to PSE.
- On October 14, 2005, the Council approved plans and documents identified in the Wild Horse SCA requiring approval or acceptance prior to the beginning of site preparation.
- On October 15, 2005, the Council granted coverage under general National Pollutant Discharge Elimination System (NPDES) permits for stormwater discharges associated with construction activities, and the General Sand and Gravel permit.

Mr. Scott Williams of PSE summarized work completed to date on the site:

- The new entry road from Vantage Highway has been almost completed.
- The concrete batch plant location has been leveled.
- Grading has been started for the "A" and "Q" turbine roads.
- Both rock quarries have been graded. Quarry No. 1 has been drilled and is ready for blasting.
- Work has begun on the road to the step-up substation.

Work on the site was suspended for one day due to bad weather. Mr. Williams also reported that PSE intends to submit a request to amend the Site Certification Agreement to relocate the visitor center close to the maintenance center.

Ms. Makarow reported she has visited the site twice recently to monitor the progress of preliminary construction activities. On one occasion she was accompanied by Ray Latham, from the Department of Ecology. Mr. Latham inspected the construction stormwater discharges from the site in his capacity as contractor to EFSEC. He recommended that adjustments be made to wattles that have been positioned for stormwater runoff control. Ecology will also inspect the operation of the rock crushers once crushing activities begin. County inspectors have also been inspecting activity on the site.

Councilmember Adelsman requested an update regarding the conservation easement planned by PSE for the site. Mr. Williams reported that PSE is talking with local conservation groups to determine which group would ultimately hold the easement. The easement would then be ready to be signed.

7. KITTITAS VALLEY WIND POWER PROJECT

<i>Applicant's Report on Land Use & County Application Process</i>	<i>Darrel Peeples, Attorney</i>
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Tim McMahan and Darrel Peeples, representing the Applicant, reported that an application was submitted to Kittitas County and was deemed complete by the County. The County in turn notified interested persons of the receipt of the application and tentatively scheduled a hearing before the Kittitas County Planning Commission and the Kittitas County Board of County Commissioners on January 10, 2006. Mr. Hurson, representing Kittitas County, indicated that the County believes it will be able to meet its 120 day timeline to process the application. Mr. Piercy, of the County's Development Services office, informed the Council that the County is waiting for an update to the draft Environmental Impact Statement (EIS). Mr. Hurson cautioned however, that if the County did not approve this new application, the Applicant would again be in a position to request preemption, and such a request would require the Council's hearings planned for March 2006 be rescheduled. Ms. Makarow concluded the land-use update by notifying the Council of the Applicant's withdrawal of its request for preemption.

<i>October 2005 Revised Project Site Layout</i>	<i>Irina Makarow, EFSEC Staff</i>
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With the submittal of a new application to Kittitas County, the Applicant also formalized project layout revisions. EFSEC staff provided maps of the previous and revised project layout to the Council. The project would now consist of no more than 80 wind turbines. Ms. Makarow reviewed the most important changes to the project layout. Three existing turbines strings would be shortened. Two strings would be re-oriented to form a new string in Section 16. Finally, turbines would be less densely spaced along each designated corridor.

EFSEC staff has begun analyzing the impacts of these changes based on the information submitted to date to EFSEC. A summary of potential changes to impacts was provided to the Council, and has already been shared with the Applicant. The Applicant has also committed to providing new analyses, describing changes to visual, noise and shadow flicker impacts in particular. The Applicant has proposed that EFSEC issue an addendum to the Draft EIS to describe the revised project layout. EFSEC staff reported that this would be a likely action, but that the final decision depends on the outcome of the new analyses expected from the Applicant. Staff is working towards preparing and issuing the SEPA document as quickly as possible. However, the issuance date depends on timely receipt of new information from the Applicant. All efforts will be made to issue the document as soon as possible and prior to the end of the County's public comment period in December 2005. Finally, EFSEC staff has also begun discussion with the Applicant regarding whether the project layout changes will merit a revision to the Application for Site Certification.

8. PROJECT UPDATES

Columbia Generating Station

<i>Operations</i>	<i>Mot Hedges, Energy Northwest</i>
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Mr. Hedges reported that Columbia is operating at 75 percent power to perform maintenance activities.

<i>NPDES Wastewater Discharge Permit</i>	<i>Mot Hedges, Energy Northwest</i>
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Energy Northwest has submitted an application for renewal of the National Pollutant Discharge Elimination System (NPDES) Wastewater Discharge Permit for the Columbia Generating Station. The Council has contracted with the Department of Ecology Water Quality Program to support the renewal process and a permit writer has been assigned to review the application and develop the draft permit documents to go to the public for comment.

<i>Visitors Center</i>	<i>Mot Hedges, Energy Northwest</i>
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Energy Northwest has responded to the Council's request for additional information on how they plan to provide public outreach activities related to the Columbia Generating Station since discontinuing the Visitors Center at the site, due to increased security restrictions. Chair Luce has subsequently asked Energy Northwest to consider if support to the Hanford Reach National Monument Heritage & Visitor Center might be appropriate to satisfy the Columbia site certification requirement to provide "visitor information facilities."

WNP-1

<i>Site Restoration/Trust Fund</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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In a letter dated October 5, 2005, from Bonneville Power Administration (BPA) – Richland offices, Andrew J. Rapacz, Manager of Contract Generating Resources, reported on the accumulation of funds in the WNP-1/4 Trust Fund. BPA placed \$18,000,000 in the Trust Fund in February 2004. As of June 30, 2005, there was \$18,688,681 in the Trust Fund. He stated this letter fulfills their annual reporting commitment, with the next report estimated in August 2006.

<i>Offsite Environmental Mitigation</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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The WNP-1/4 Offsite Mitigation Subcommittee met during a special meeting beginning at 11:00 a.m., on November 8, 2005. The Subcommittee reviewed a memo prepared by Mike Mills, EFSEC staff, that summarized the group's review of four projects in Benton County that had submitted funding requests. The memo provided staff's observations on how each of the proposals fared against the Funding Criteria/Policies set out in Resolution No. 313; and recommendations or rankings regarding funding for each of the projects under consideration.

Chair Luce indicated that following discussion of each of the projects and the points set out in the staff memo, the subcommittee had made a tentative determination that the remaining balance of the \$1.3 million of 1/4 mitigation funds be allocated to three of the Benton County projects in the following manner:

- 1) Tapteal Greenway Association – Amon Creek Project – receive funding in excess of \$1 million to purchase properties along the east and west branches of Amon Creek south of Claybell Park in Richland. The state Department of Transportation and the City of Richland have indicated that they are interested in partnering with the Council to preserve over 50 acres in the creek basin for open space and future park development.
- 2) Hanford Reach National Monument Heritage & Visitor Center (Reach) – receive funding at an amount in the range of \$100,000 - \$250,000. It was noted that Energy Northwest could possibly provide funding to this project to satisfy a condition of the Site Certification Agreement that requires Energy Northwest to provide "visitor information facilities" at the Columbia site.
- 3) Confederated Tribes of the Umatilla Indian Reservation (CTUIR) – Washington State University (WSU) Shrub-Steppe Experimental Field Station/Ecological Demonstration Project – receive a small amount of funds, possibly \$25,000, to be used as "seed money" to help them leverage other funding for their project.

The fourth project under consideration, a proposal from a private landowner to sell approximately 900 acres, was ranked lowest of the four and it was recommended that no funds be committed to that proposal.

A brief discussion followed on staff's recommendations and the Subcommittee's tentative decisions on how the remaining mitigation funds should be allocated to the Benton County projects under consideration. It was determined that a decision on how those funds would be allocated would be made at a special meeting later in November or early December, or at the latest, at the December 13 monthly meeting.

Satsop Combustion Turbine Project

<i>Progress Report</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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This report was deferred to the December 13 monthly meeting. Invenergy is expected to provide a new Letter of Credit by the end of November, as their Letter of Credit is a revolving letter due for renewal annually.

<i>Air Permit Extension</i>	<i>Irina Makarow, EFSEC Staff</i>
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Ms. Makarow reported the Notice of Construction/Prevention of Significant Deterioration air permit extension review is nearly complete. Staff is working towards bringing the draft permit to public comment at the end of 2005 or in early 2006.

Chehalis Generation Facility

<i>Status Report</i>	<i>Irina Makarow, EFSEC Staff</i>
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This report was deferred to the December 13 monthly meeting.

<i>Air Permits</i>	<i>Irina Makarow, EFSEC Staff</i>
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Ms. Makarow reported that drafts of amendments to the Notice of Construction/Prevention of Significant Deterioration & a new Title V air permits are close to completion for the Chehalis Generation Facility. They will be ready for public comment early next year.

Sumas 2 Generation Facility

<i>Air Permit Extension</i>	<i>Irina Makarow, EFSEC Staff</i>
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On October 14, 2005, Sumas Energy 2, Inc. (SE2) requested that EFSEC grant an extension of the Prevention of Significant Deterioration/Notice of Construction (PSD/NOC) permit for the Sumas 2 Generation Facility. SE2 has received one 18-month extension already and is still working to obtain permits to construct a transmission line that would connect the generating facility to the regional electric grid at the BC Hydro Clayburn substation. SE2 is currently appealing the denial of this transmission line by National Energy Board of Canada. Ms. Makarow explained that federal guidance allows the Council to extend the permit again, assuming the permittee shows the project continues to implement Best Available Control Technology.

EFSEC has initiated review of the request and has contacted various Canadian agencies for their input regarding the site of the local airshed where the project would be located. EFSEC expects to be ready to accept public comment on this request by the end of 2005 or early 2006. Finally, Ms. Makarow was contacted by the U.S. Embassy in Ottawa, Canada, for information about the status of the project and EFSEC's review and permitting process.

9. CHAIR'S REPORT

Chair Luce reported the Governor is considering possible approaches to the energy crisis, focusing on alternative and renewable energy. He expects to be briefed by the Governor on her plans around December 1.

The U.S. Department of Energy is conducting scoping meetings for a Programmatic Environmental Impact Statement (EIS) for designation of energy corridors in eleven western states. Chair Luce attended the scoping meeting held in Washington on November 3. Washington State may provide comments regarding the Programmatic EIS.

10. OTHER

Mr. Fiksdal presented the 2006 EFSEC Council meeting schedule for Council approval. The building owners where EFSEC is currently located are planning some major renovations beginning next summer. Mr. Fiksdal noted that because EFSEC offices will be moved to a new location by July 2006, there will be some possible changes to the schedule. All applicants, licensees and minutes & agenda mailing list members will be notified of the changes, as well as a change made to the state register.

11. ADJOURN

The meeting was adjourned by Chair Jim Luce at 2:35 p.m.